NOTE ON THE DISTRIBUTION OF CLOTH AND YARN IN THE MYSORE STATE.

TEXTILE POLICY OF THE GOVERNMENT OF INDIA.

With a view to restricting the rise in prices of cloth and yarn, and to make these commodities available to the consumer at controlled rates, the Government of India announced their Textile Policy. The main features of the policy are: (i) control over production in the Mills and fixation of Ex-Mill prices by the Textile Commissioner, Bombay, and (ii) permitting the Provinces and States to fix the margin of profits to the various classes of dealers, distribution being arranged through such agencies as the Provincial or State Governments may consider suitable in their respective areas. The Central Government have however, given a direction, that "all production in future should be procured by the States and and Provincial Gov rnments through the nominated buyers acting on behalf of Provincial and State Governments on the lines of All-India Cloth Distribution Scheme in force."

It was also made clear that it would be the duty of these buyers to purchase cloth under purchase authorisation on the Mills issued by the Textile Commissioner, Bombay, and to transport the bales purchased by them to the Provinces and States for distribution to wholesale and retail dealers approved by the Provincial and State Governments.

The buyers should remove their purchases from the mill godowns within a month of issue of these permits, after which the allocations covered by them will lapse and will go back into the All-India pool.

The new scheme of control contemplates the sale of a proportion of the allocations of cloth made to any Province or State through Government-owned or Government-controlled shops. The fixation of this proportion is left entirely to the discretion of the Provincial or State Governments, but it is suggested that it should be fixed with prudence and altered, if necessary, as experience is gained and the necessary organisation is built up. The Government of India suggest that consumers' co-operative societies should also be set up and a portion of cloth distributed through such societies. The balance of cloth should be distributed through the normal trade channels on licenses. Such licenses should be freely given so that there may not be any room for corruption at this point.

It is left to the Provincial or State Governments to decide whether or not any scheme of rationing should be introduced.

The Government of India emphasise that, whether a scheme of individual rationing is introduced or not, adequate attention should be paid to the rural parts of every Province or State. The possibility of distribution through Village Panchayets and Co-operative Societies or such other agency depends upon local conditions.

The licensing of the wholesale and retail trade would appear to be unavoidable. It has been suggested that steps be taken to license all those dealers in the trade whom it is decided to allow to continue. It is doubtless true that it is desirable to keep the cost of distribution at a minimum by reducing the length of the chain of distribution, but this should not be done by throwing out of business any large number of traders except for sound reasons. This is very largely a matter for Provincial or State Governments to decide and in taking a decision, the Government concerned would doubtless be guided by the experience of the distribution prior to January 1948.

ACTION TAKEN IN MYSORE STATE.

On the lines of the legislation passed by the Central Government in this respect, the following Acts have been passed in Mysore to give effect to the Textile Policy in the Mysore State:

The Mysore Textile (Control) Order, 1948.
The Mysore Cotton Cloth Dealers' (Licensing) Order, 1948.
The Cotton Yarn (Control of Distribution) Order, 1948.

In conformity with the policy laid down by the Central Government, the Government of Mysore have decided to arrange distribution of cloth and yarn through the usual trade channels and have retained three links in the chain of distribution, *viz.*, State Nominees (Procurers), Wholesale Dealers and Retailers. Wherever it is found necessary and feasible, services of well organised Co-operative Societies will be made use of on a liberal scale.

It has been considered advantageous to keep the three types of dealers quite distinct, and a State Nominee (Procurer) will not be permitted to do wholesale business. and a wholesale dealer cannot also be a State Nominee (Procurer) or a retailer.

The State Nominees (Procurers) will procure the cloth and yarn from the Mills for which they have been appointed as such nominees. They are entitled to charge the following over Ex-Mill rates: 1/2 per cent centage which they have to remit to Government, 1 1/2 per cent procurers' margin (which they will retain for their services) and 1/4 per cent to cover handling charges. Thus when the goods pass their hands, the price should not exceed 2 1/4 per cent over Ex-Mill prices in the case of goods of local Mills. As regards procurement of cloth and yarn from Mills outside Mysore State, the charges will be: 1/2 per cent centage (which will be remitted to Government), 2 per cent procurers' margin, and 2 per cent transport charges for moving the goods from outside stations to Bangalore. Thus in the case of goods from Mills situated outside Mysore, the price will not exceed 4 1/2 per cen over Ex-Mill rates when the goods leave the procurers' hands.

To ensure that the goods to be procured from Mills outside Mysore State would reach the State and that there would be no leakages in transit, the State Nominees (Procurers) will have to procure the goods to the extent allotted by the Controller of Civil Supplies and the consignee of the goods would be the Controller of Civil Supplies who will register and endorse the Railway Receipts in favour of the procurers. The goods, after their arrival, will be checked by an officer of Civil Supplies Department, and the procurers will then receive the same and store them in godowns and await distribution instructions.

Note:—The ½ per cent centage recovered from procurers on all cloth and yarn procured by them is intended to cover the departmental expenses, It is hoped that the recovery would enable the department to be self-supporting.

WHOLESALE DEALERS.

The wholesale dealers are the class of dealers who receive bulk supplies from the procurers as per allotments from the office and who in turn supply to the retailers linked to them. They are entitled to 3 per cent over Ex-Mill rates and ¼ per cent for handling charges. Thus they should charge over their purchase price 3¼ per cent on release of the goods to the retailers.

The wholesalers would be allotted goods from the procurers as per purchase authorities to be issued in their favour. The purchase authorities would be in triplicate, one to serve as office copy, the second to be handed over to wholesale dealer to enable him to purchase the quantity allotted to him, and the third copy to be sent to the Local Taluk Committee to verify and find out if the wholesaler has actually supplied the quantity and variety of goods allotted to that area.

RETAILERS.

The retail dealers who remove the goods from the wholesale dealers and arrange distribution to the consumers are entitled to 9 per cent profit calculated on Ex-Mill rates. The wholesale dealers should move the goods to the centres of distribution. Towards transport charges, they are entitled to 1¼ per cent besides their margin of profit. When the goods are delivered to retailers within the limits of Bangalore City and Civil Station area, neither the wholesale dealers nor the retailers shall charge the 1¼ per cent transport charges.

In effect, the maximum retail selling price should not exceed 15¾ per cent and 18 per cent over Ex-Mill prices in respect of local and outside Mysore goods, respectively, exclusive of octroi and sales tax, and other taxes in force in places outside the limits of Bangalore City and Civil Station areas. The maximum selling price should not exceed 14½ per cent and 16¾ per cent over Ex-Mill prices in respect of local and foreign mills goods in Bangalore City and Civil Station areas.

While calculating the percentages of margins, or expenses allowed to each class of dealers, the percentage should be calculated on Ex-Mill rates and not on the purchase price.

The distribution of cloth from retailers to consumers will be on coupon system. The coupons will be distributed to all the consumers by about 1st January 1949.

While selecting State Nominees (Procurers), Wholesalers and Retailers, all those old licensees who were in the "black list" and all those whose transactions during the previous controls were not above suspicion will be totally eliminated. As far as possible, only merchants against whom there were no complaints and who have been longstanding in the line of business, will be retained. In addition, a few other persons will be selected as Procurers, Wholesalers and Retailers, particularly from rural parts, who are able and willing to enter into cloth trade to the extent the circumstances would permit.

All co-operative institutions recommended by the Registrar of Co-operative Societies which are financially sound and likely to take up cloth distribution at the retail level, will be recognised as Retailers and arrangements made for distribution of cloth through such societies.

MYSORE, M. K. APPAJAPPA,
22nd October 1948. *Controller of Civil Supplies.*